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Evaluation

Evaluation of results-based management in UNDP

Executive summary

Contents

		Page
I.	Introduction	2
II.	The evolving development context	2
III.	Introduction of results-based management	3
IV.	Goals and programme focus	3
V.	Monitoring and adjustment	4
VI.	Evaluation, learning and accountability	5
VII.	Managing for results in the wider context	6
VIII.	Conclusions	7
IX.	Recommendations	9

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I. Introduction

1. This report sets out the findings of an evaluation of the adoption and use of results-based management. The evaluation has focused on the organizational strategy, vision and expectations of the results-based management approach; the design, implementation and use of the system to operationalize this approach; as well as the results of this effort. The scope of the study covers the period 1999-2006, all geographic regions, and the adoption of results-based management at the programme, country, regional and corporate levels.

2. An inception report prepared by the evaluation team proposed a theory-based methodology. The theory identifies a causal process with five key elements. This five-stage process provides the structure for enquiries:

(a) Setting a strategic framework to describe the desired results;

(b) Developing programmes aligned to the strategic results framework;

(c) Measurement and analysis of the actual results achieved;

(d) Use of information to improve design and delivery of programmes; and

(e) Reporting on performance as part of the accountability process.

3. Information was gathered through interviews with staff in UNDP and other United Nations organizations at headquarters; review of UNDP documentation and that of other organizations; visits to five country programmes (in Argentina, Egypt, Indonesia, Moldova and Zambia), where interviews were held with a wide range of stakeholders in the United Nations system, government, civil society and other development partners; and through an electronic survey of UNDP staff in country offices. The choice of countries did not include conflict-affected situations, a specification in the original terms of reference, and this limits the ability to generalize, in the conclusions and recommendations, about the use and impact of results-based management in those contexts. A full list of people consulted in all locations is presented in the report.

II. The evolving development context

4. The 1990s marked a shift from aid flows being determined by geopolitical considerations to having a focus on the promotion of sustainable human development. That shift was accompanied by a steady decline in official development assistance and increasing pressure to demonstrate the effectiveness of aid. UNDP adopted results-based management with the clear intent of reversing the declining resource base, assuring predictability of programme funding and demonstrating a performance focus to donors.

5. Since then, the role of UNDP has changed from mainly funding and implementing downstream activities to emphasizing upstream activities involving advocacy, policy support and capacity strengthening, using national execution as the predominant mode of delivering assistance. This has been reinforced by the changing environment for development cooperation. The increasing need for country-based joint assistance strategies, as was emphasized by the Paris Declaration, has led to new aid modalities, such as direct budget support and sector-wide approaches. The decline in resources has been overcome, and programmatic services delivered by UNDP increased from $2 billion in 1999 to $4.36 billion in 2005.

III. Introduction of results-based management

6. For results-based management to be successful, organizations need to develop and nurture a culture of results where enquiry, evidence and learning are valued as essential to good management. The use of results information in managing and informing decision-making is usually seen as the main aim of introducing results-based management. Managers are expected to: understand why projects and other activities contribute to the outcomes sought — the theory of change, set meaningful performance expectations, measure and analyse results, learn from this evidence to adjust delivery and modify or confirm programme design, and report on the performance achieved against expectations. When results-based management was introduced in UNDP, it was seen as involving all the features previously listed, and the importance of building a "culture of results" was recognized.

7. In many respects, results-based management was a logical continuation of management reforms from the 1990s. A large number of tools and systems within UNDP are now associated with results-based management, but these emerged without a guiding design over a 10-year period of innovation, redesign and change, which has at times been unsettling for country office staff.

8. Results-based management is not without its critics. In trying to set clear, concrete objectives and targets, political scientists argue that results-based management can conflict with the need to keep objectives sufficiently imprecise to gain widespread support. Another criticism is that many of the developmental results sought by UNDP cannot easily be measured. As a result, results-based management forces measurement and reporting of less important results, especially outputs. When an organization overemphasizes any set of performance indicators and targets, the staff tend to become preoccupied with those indicators and targets rather than the wider results.

9. The concerns are legitimate, and there is a need to be aware of the possible downside of implementing about results-based management. It is important to take these concerns into account when developing and, especially, managing the results-based management regime.

IV. Goals and programme focus

10. One of the most visible elements of the results-based management approach was the adoption of multi-year funding frameworks (MYFFs), which have strategic goals designed to help focus the programme and improve communication with external stakeholders. Alignment of country programmes with strategic goals was further promoted by a shift in focus from project outputs to outcomes. In a parallel initiative, a series of Administrator's business plans introduced plans to change the culture of the organization and put forward the "balanced scorecard" as a tool to report against a broad range of physical and financial indicators of operational change.

11. This evaluation has found that the goals of UNDP goals in the strategic frameworks have changed in presentation, but the underlying areas of work have remained almost the same as before. The focus areas under the goals have been rationalized and simplified, but it is hard to identify substantive change to the scope of activities at the country level. Managers and staff in country offices believe that the MYFFs have helped to bring focus and improve positioning and advocacy. They

have been a positive tool in conjunction with the reformed United Nations Development Assistance Framework (UNDAF) and country programme document to foster dialogue about country results. However, their effect on country portfolios has been limited to encouraging the removal of "outlier" activities. Projects have just been mapped to the new frameworks.

12. The reasons for these limited effects are several. The MYFF sub-goals and service lines were very general and were not implemented with strictly monitored "hard boundary" rules about what could and could not be justified under them. Intended outcomes for country programmes also tended to be vague, rather than rigorous statements forcing consideration of what projects would best contribute to their achievement. In other words, outcomes were defined to cover the existing portfolio rather than drive decisions as to how the portfolio should be refined and developed.

13. Results-based management assumes that managers have the flexibility to allocate programme resources to maximize results. That assumption does not generally hold true for UNDP. Core programme resources, the one area where managers have some financial flexibility, may have increased during the evaluation period, but core programme resources have become a progressively smaller percentage of total programme funds. Country offices have thus become more dependent on non-core programme financing, which is relatively inflexible, and often find that the core programme resources are only sufficient to act as seed money.

14. Flexibility to change country office organizational structures has the potential to foster closer linkages to results. Development and investment in thematic practice areas was intended to foster skills. Twenty-five offices have appointed monitoring and evaluation (M&E) specialists and 10 have an M&E unit. There is evidence that country offices organize their staff for delivery of results, with many structuring programme staff teams around broad programme areas. The Results and Competency Assessment for staff has the potential to foster a results and accountability culture. But in practice, mobilization of resources and delivery are more powerful drivers of individual performance among programme staff than achievement of outcome level results. In its current modality, the Results and Competency Assessment does not support managing for results.

V. Monitoring and adjustment

15. The results-oriented annual report was introduced to monitor country programmes, but it has become primarily a tool for reporting to senior management — of little use for country office or regional management — and is viewed as the data source for the annual MYFF report to the Executive Board. That report, in turn, is criticized by Board members as being too vague and containing little substantive detail on results. With the advent of results-based management, the focus of results shifted to outcomes, but apart from the results-oriented annual report, no specific tools were developed to help monitor results. The Atlas system is steadily gaining in importance, but its primary focus is financial management and project monitoring.

16. The removal, in 2002, of many mandatory project monitoring tools and procedures was considered a risk, but it was done in the hope that country offices would continue with project monitoring as well as moving into outcome-level

monitoring. The evidence suggests that the move may have led to a decline in project-level monitoring and evaluation capacity in some country offices, but it has stimulated the creation of diverse monitoring and evaluation approaches in others — especially where there is a staff member dedicated to monitoring and evaluation. While some progress has been made in country offices towards monitoring outcomes, approaches fail to explain how projects are contributing to programme outcomes.

17. Evidence from countries visited also shows that country offices face challenges in defining outcomes that are owned by other partners, although the UNDAF/country programme document/country programme action plan process is a help, as are joint assistance strategies. This reflects the reality that many partner governments and donors have their own monitoring and evaluation systems, which may or may not use results-based management. The clearest indicator of this is the absence of joint "outcome evaluations"; and the limited use by UNDP of monitoring and evaluation evidence derived from other the systems of partners.

18. The oversight and management roles of the regional bureaux do not focus on results. Formal points of interaction with country offices are concentrated in the development of new country programmes, but the interaction focuses on process conformity rather than on substance. Thereafter, the engagement is generally driven by resource mobilization and delivery. Routine interaction between country offices the and respective bureaux takes place through desk officers in the regional bureaux, who are an important link in understanding country performance but are overworked, junior in status, and often lack resources and technical skills.

19. In order to address to shortcomings in the results-oriented annual report, the regional bureaux have approached information management in different ways, often drawing on the new information tools. But the quantitative information in Atlas and other tools is not accompanied by qualitative information that explains performance. Some regional bureaux argue that the shift in focus to outcomes has not been matched by monitoring and evaluation tools to measure performance. The current system is dominated by self-reporting through the results-oriented annual report and the Results and Competency Assessment, without adequate mechanisms for periodic validations of quality.

20. Overall, the evaluation finds that there is little evidence to indicate that results are being used systematically to inform adjustments to the country portfolios.

VI. Evaluation, learning and accountability

21. The adoption of results-based management in 1999 was followed, in 2002, by the introduction of outcome-level evaluations. Adoption of outcome-level evaluations in the countries visited has been slow. In general, they have been under-budgeted and poorly timed to influence the content of country programme documents. Independent evaluation is an important element of results-based management to validate performance. Yet country evaluations conducted by the UNDP Evaluation Office have emphasized learning over accountability and have not measured performance against stated intentions. Validation occurs only through infrequent audits. However, the role of evaluation was strengthened in 2006, when the Executive Board endorsed a new evaluation policy.

22. Little use is made of results for the purpose of learning at the country level, and staff would like to see more time allocated to this process. At UNDP HQ, the Bureau for Development Policy's (BDP) practice architecture is used for technical support, but this architecture has poor linkages to build on lessons emerging from evaluations and has produced few products clearly tailored to business processes.

23. The UNDP accountability framework does not support results-based management. Roles and responsibilities are generally clear, but country programme outcomes and indicators are not subject to quality assurance and there is little independent validation. Individual targets in the Results and Competency Assessment are self-selected and are often applied retrospectively and poorly linked to incentives. Despite the intended shift to managing for outcomes, individual staff remain tied to a project orientation and accountability for outputs.

24. There is no evidence that the Resident Representative/County Director is held accountable for managing for outcomes, and there is considerable scepticism within UNDP over whether this is feasible, despite evidence of moves towards such an approach in sister organizations such as UNFPA.

VII. Managing for results in the wider context

25. UNDP works in a multilateral context, in which its mandate emphasizes the centrality of national ownership and the role of UNDP in building national capacity. This implies the need to work through national systems, where feasible. UNDP programmes invest significant attention in supporting national systems for tracking progress towards the Millennium Development Goals and other development results. But there is little evidence of engagement with national planning and results/performance systems at the sector or the programme level.

26. This suggests two important things. First, UNDP has missed opportunities to harmonize with the results-based management approaches of national partner governments. This reduces the scope for national capacity development and for enhancing national ownership. Second, UNDP has not fully considered the implications of its results-based management approach on broader United Nations reform initiatives such as the Paris Declaration and the Monterrey Consensus, which emphasize closer alignment and harmonization with governments and development partners.

27. The shift in strategic direction and the new results framework brought early gains to the programme through a clearer expression of UNDP roles and functions. Staff have found strategic frameworks to be valuable in discussions with governments and development partners. But the goals in the results frameworks for the two MYFFs and the draft strategic plan are too broad to help UNDP focus support in areas where it has a comparative advantage. The strategic objectives have not been used to define what it is and what is not appropriate for country programmes to support.

28. Sharpening the focus in this regard would require a change in the relationship between regional bureaux and country offices. The focus would have to shift away from oversight of processes and resources, to a greater emphasis on substantive content. The low level of core funding and high reliance on non-core funds by many country programmes means that the management spotlight needs to be on the degree to which Resident Representatives manage to refocus in this situation.

29. In the inception report for this evaluation, a table of benchmarks based on international performance standards for results-based management was introduced as an evaluation tool. The report assesses each benchmark, drawing on the findings of the present study and relevant independent studies. Unfortunately, in their present form, it is not possible to use the benchmarks to assess the status of UNDP relative to other United Nations organizations or to the wider population of public-sector organizations that use results-based management approaches. But progress has been made in most areas. Of the 21 categories assessed, two are assessed as "fully achieved", 16 as "partially achieved", and three as "not achieved". The large number of benchmarks assessed as "partially achieved" reflects the positive work of UNDP towards creating an architecture to manage for results, but it also reflects that too many elements of the approach are not functioning effectively.

VIII. Conclusions

30. Overall, UNDP has established a cycle of setting and revising corporate goals, introduced improved office systems to manage project finances, institutionalized the need to report on corporate and individual performance, and raised awareness about results throughout the organization.

Conclusion 1: The experience of UNDP with introducing results-based management is similar to that of other organizations.

31. UNDP was one of the first United Nations organizations to move to a results-based management approach. Review of the literature strongly suggests that the experience of UNDP did not diverge significantly from that of many other public-sector organizations. The present evaluation identified a number of areas where greater progress could have been made, but even under perfect conditions, it is unlikely that UNDP could have fully institutionalized a results-based management approach within eight years. Subsequent conclusions and the recommendations therefore focus on the key challenges for UNDP.

Conclusion 2: UNDP has a weak culture of results.

32. Adopting results-based management was a logical continuation of the management reforms that occurred in the 1990s and a response to pressure to improve performance across the United Nations as a whole. Significant progress has been made on a number of fronts, sensitizing staff to results and creating the tools to enable a fast and efficient flow of information. Managing for results has proved harder to achieve. In particular, the strong emphasis on resource mobilization and delivery; a culture that does not support risk-taking; systems that do not provide adequate information at the country programme level; a lack of clear lines of accountability; and a lack of a staff incentive structure all work against building a strong culture of results.

Conclusion 3: The corporatist approach has had only a limited effect on development effectiveness at the country level.

33. UNDP adopted a systems approach to stimulate managing for results, which meant that change was to be driven by the implementation of centrally designed and prescribed systems. These were developed primarily to enable aggregate reporting

of UNDP performance to the Executive Board while at the same time creating a clearer focus for the programme.

34. In practice, the corporate goals and service lines set by headquarters have proved too numerous, with very permissive definitions. This has led to country offices manipulating their programmes to fit into corporate service lines, diverted attention away from country needs and made reporting to the Executive Board more about process than substance. There is little evidence that this approach has significantly affected the shape of country-level programmes, but there is significant evidence that it has imposed unnecessary transaction costs at the country level. A notable omission is the lack of oversight systems that focus on tracking whether programmes use results to adjust resources such as people, money and partnerships in order to improve future results.

Conclusion 4: Results-based management has been misinterpreted as not supporting the decentralized way in which UNDP works.

35. UNDP works in a strongly decentralized way, yet the results frameworks in the MYFF were not geared to country processes. Emerging new systems following the reform of country programmes, including the UNDAF, the country programme document and the country programme action plan have the potential to create objectives for United Nations organizations that are aligned with national plans and responsive to country needs.

36. Decentralization has been accompanied by delegation of authority over the country programme. Under current procedures, country programmes are not scrutinized for development potential by regional management, an abdication of responsibility. As a result, evaluation and auditing are the only means to check that country programmes are contributing to corporate goals.

37. The "top-down" approach has inadvertently fuelled concerns that having corporate goals is a means of imposing upon programmes at the country level. The role of results-based management is not to constrain the ways in which programmes are negotiated at the country level but to provide a framework, so that UNDP works within its mandate and ensures that resources are aligned with achieving results. Once programmes are agreed upon at the country level, results-based management should provide standards for dialogue about how to set realistic outcomes, select objective indicators that demonstrate progress towards development objectives, and jointly monitor progress.

Conclusion 5: Results-based management systems are not helping build a results-based culture.

38. There are strong perceptions within UNDP that financial administration and management systems have improved. However, there is little evidence that these systems have led to an increased focus on managing for outcomes. Atlas and PRINCE2 both deal with information at the project level, and the project is at the core of their designs. The Results and Competency Assessment does not effectively incorporate key results that reflect successful management for results by individuals. There are also concerns that systems have become too complex and time-consuming.

39. Results systems have been designed mainly to meet the demand for data for reporting to the Executive Board rather than to manage outcomes. Yet UNDP has not developed a system for reporting on its contribution towards development

results. This reflects a number of issues. The corporate-level results frameworks have never included high-level goals with substantive measurable and agreed-upon indicators against which to assess global progress. The goal-level reporting by UNDP contrasts starkly with the objectivity of reporting against the Millennium Development Goals. UNDP has developed a reporting system that aggregates whether or not results will be delivered when expected. This approach has limitations: the country programme outcomes against which UNDP is expected to deliver are poorly defined; the logic linking outputs delivered by UNDP with achievement of the outcomes is often not explained; and, therefore this reporting system fails to report on UNDP performance relative to what it is accountable for.

Conclusion 6: Managing for results requires leadership.

40. The importance of leadership to drive results-based management forward has been noted in several parts of the present report. A good example of effective leadership was the role of the previous Administrator in fighting declining resources. A strong personal commitment was supported by: a single, simple and consistent message on resource mobilization that was communicated to both internal and external audiences; development of systems to track, measure and report managers' success in mobilizing resources; and a clear perceived link between successful resource mobilization and advancement within the organization.

41. The same drive and visible, consistent senior support is needed for results-based management. Four relationships stand out as the most critical: at the Executive Board, to ensure the programme is held to account for development results; between the Administrator or Associate Administrator and the Bureau Directors; between Directors of Regional Bureaux and Resident Representatives or Country Directors; and between Resident Representatives or Country Directors and staff within country offices.

IX. Recommendations

42. Managing for results is a dynamic process, and many of the issues raised in this report are known to UNDP management and are receiving attention. There is genuine interest and support at the country level for a better focus on results.

Recommendation 1: Strengthen leadership and direction

43. The first and overarching recommendation addresses the need to capitalize on what has been achieved to date and establish a stronger culture of results. The success of this is not dependent upon tools and systems, but leadership and direction. Sustained commitment by top management, the Administrator and the Associate Administrator is required.

44. Strong leadership is necessary. Attention to the following issues is also needed: a shift in the accountability framework from process and compliance to results; outspoken commitment by senior management, especially the Directors of Regional Bureaux; a change in dialogue throughout the organization that prioritizes management for development results and addresses how this will be balanced against competing demands such as resource mobilization; time and space for staff to give feedback on and learn from experiences; a shift in organizational practices to take risks and manage for outcomes rather than outputs; and improved capacity to measure results.

Recommendation 2: Global goals, local solutions: Sharpen the role of the strategic results framework.

45. Management should adopt a results framework that distinguishes more clearly between corporate goals and country programme outcomes.

46. For the four UNDP focus areas, objectives should be based on the key results areas, with indicators of substantive development change comparable to those used for the Millennium Development Goals. The corporate key results areas contain the basis of what could be measurable goal-level objectives, for example: promoting inclusive growth; promoting gender equality; fostering inclusive participation (in governance); and empowering the poor, women, and youth. This approach will take time. The Executive Board and UNDP should start with those key results areas where internationally agreed-upon indicators already exist.

47. Identifying and reporting on UNDP contributions should not be an obstacle, any more than it is for organizations reporting country progress against the Millennium Development Goals. The development of robust models that show the links between country programme outcomes and UNDP contributions with achievement of these high-level objectives is key.

48. The current practice of setting corporate outcome-level objectives and indicators within the strategic plan should end. Instead, outcome objectives and indicators should be set at the country programme level, where they should be linked to UNDAF outcome objectives in the context of agreed-upon national development objectives. Comparable outcome objectives should be set within the regional and global programmes.

49. The above change would reinforce the decentralized nature of UNDP activities and build on United Nations reforms. The change would have to be supported by a shift in the oversight roles of the Regional Bureaux, senior management and the Executive Board away from compliance with procedures towards ensuring that country programmes implement robust, results-based management approaches and are designed to contribute to the UNDP focus areas.

Recommendation 3: Support managing for outcomes at country offices.

50. Managing for outcomes means that managers learn from results and empirical evidence and use that evidence to adjust either the projects under their control or the composition of the portfolio of projects to maximize the contribution of the organization to that outcome.

51. Implementing such an approach requires that UNDP consider the wider environment at the country level when defining outcomes. There is a need for improved guidance on how to balance demands on the results-based management system to meet internal UNDP needs with those imposed by the wider environment within which UNDP operates at the programmatic level. This includes dealing with three core questions raised in the present report:

(a) Ownership of results at the country level;

(b) The implications of harmonizing other partners' results-based management approaches and systems; and

(c) UNDP accountability for managing for results.

52. The positive effects of some of the newly developed UNDP systems are noted above, with the caution that they are based predominantly on managing projects. Introduction of new management and reporting systems will impose significant costs on country programme teams, and the country-level perception is that there has been insufficient appreciation at the corporate level of the impact of these costs.

53. Country offices want to be effective and need support in several ways:

(a) A streamlining of systems, aiming for a more user-friendly integrated approach with better prioritization and introduction of new requirements across the organization;

(b) Improved practical tools and guidelines to plan how projects will contribute to programme outcomes and to improve the specification of indicators;

(c) A large-scale capacity-development programme to improve staff knowledge and skills;

(d) Improved design of programmes based on proven models of intervention that can be tailored to country circumstances, managed, monitored and evaluated;

(e) Introduction of quality assurance to examine country programmes and assess evaluability;

(f) Expanded use of country office outcome evaluation plans geared to joint evaluations with government and development partners;

(g) Revision of the results-oriented annual report to improve the evidence-base and structure of the report.

Recommendation 4: Expand investment and use of evaluation and performance audit.

54. Improving country programmes requires attention to detail and development of sound objectives and indicators. A quality assurance process is recommended as an ex ante way of scrutinizing country programmes. This needs to be supported by independent review of processes and compliance, along the lines of the current enhanced audits.

55. The structure of results proposed here places more responsibility on country offices to develop programmes that respond to country needs and contribute towards global goals. It also frees them from having to fit into centrally determined service lines. The test, therefore, is whether the programmes that are developed contribute to the goals of UNDP. This will require a stronger evaluation function that addresses both learning and accountability. The 2006 evaluation policy is a step in the right direction. The challenge now is implementation that supports accountability and the new results management guidance.

56. The above recommendations are intended to be mutually reinforcing and ought to be viewed as a whole. Some recommendations focus on overall framework rather than specific tools or issues. Dealing with leadership, the results framework, programme focus and accountability of the Regional Bureaux are the highest priority, followed by tools to help country offices chart contributions to outcomes, and quality assurance systems for programme review.